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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Case Nos. 01-16034(AJG) (03-03370)
ENRON CORP., et al,	New York, New York April 27, 2006
Reorganized Debtors.	11:16 a.m.

CORRECTED TRANSCRIPT
DIGITALLY RECORDED PROCEEDINGS
(E X C E R P T)

10:10 01-16034 ENRON CORP., et al (03-03370) Enron Corp. v. International Finance CORP., et al
Amended Motion by Caisse de Depot et Placement du Quebec to Dismiss Adversary Proceeding.

Motion by National Australia Bank to Dismiss.
Opposition filed.

B E F O R E:

THE HONORABLE ARTHUR J. GONZALEZ
United States Bankruptcy Judge

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(continued on page 2)

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Proceedings Recorded by Electronic Sound Recording,
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* * * *

(Whereupon, the following is an excerpt from 4/27/2006 in In re Enron Corp., et al, Case No. 01-16034.)

JUDGE GONZALEZ: We will then proceed to the matter that was scheduled for 10:10, and that is the various motions to dismiss. One is an amended motion filed to dismiss the adversary proceeding, and the other is a motion by the National Australia Bank to dismiss.

I am going to take a very brief recess. If you haven't given your appearances, please do so. I will return in a few minutes to hear the arguments.

(Whereupon, from 10:21 a.m. to 10:23 a.m. a recess was taken.)

JUDGE GONZALEZ: Please be seated.

Let's commence then with the argument on the motion to dismiss.

MR. SHIMSHAK: Good morning, Your Honor. Stephen Shimshak of Paul, Weiss, Rifkind, Wharton & Garrison. I appear this morning in support of the motion of Caisse de Depot de Placement du Quebec to dismiss the Second Cause of Action as to it in the adversary proceeding of Enron Corp. v. International Finance Corp., et al.

CDP, which is the denomination that I will use to refer to the client, is an instrument of the government of the Provence of Quebec created to manage provincial pension funds. Your Honor, also moving to dismiss on grounds identical to CDP is National Australian Bank. Mr. Keyes of William & Connolly and I discussed the procedure this morning, and we agreed that I would proceed with the argument. Of course, he has reserved his right to make any additional points that he wishes. I would suggest that, if he has some additional comments, they should follow mine and then, of course, Mr. Magaliff can respond on behalf of Enron.

Your Honor, this motion concerns the Second Cause of Action in this adversary proceeding, and I would like to outline for the Court's benefit the elements of that cause of action and give some background facts, all, of course, drawn from the Complaint. For ease of discussion, I did prepare one demonstrative, which I would like to provide to the Court. It helps to follow the transaction.

JUDGE GONZALEZ: Thank you.

MR. SHIMSHAK: Your Honor, in essence the Complaint concerns aspects of an Asset Securitization Program, and that is laid out in the chart. As the structure worked, ENA contributed so-called CLO assets to a partnership, Holding I LP. An Enron entity served as the general partnership of that partnership, and the Complaint alleges the Trust on the left hand side of the chart served as the limited partnership.

In consideration of its interest in the limited partnership, proceeds of a note issuance by the Trust flowed into the partnership and up to Enron, and then the cash flowed from the assets which had been contributed to the partnership was used to retire the note obligations.

The Complaint alleges in paragraph 32 that in September of 2000 Enron granted a Put Option to the

partnership Holding I LP enabling the partnership to put the CLO assets to Enron up to an amount of $113 million under circumstances that were specified in the put. Count II further alleges that Holding 1 LP exercised the Put Option, and on or about January 12, 2001, Enron paid $63 million to Holding LP. It further alleges that Holding I then transferred the funds received in the January Put Payment to the CLO Trust, and the Trust, in turn, transferred these funds to the parties identified on Exhibit 3 to the Complaint. Exhibit 3 contains a list of mediate transferees, including CDP. It does not set forth the amount that each transferee received, but my understanding is that CDP received approximately $11 million.

Enron alleges that the January Put Payment to Holdings LLP constituted a fraudulent conveyance, and that Enron may recover the fraudulent conveyance from CDP and others identified solely as mediate transferees under section 550(a)(2) of the Bankruptcy Code. So the Second Cause of Action states a cause of action under section 550(a)(2).

The parties are in agreement on what Enron did not do in its Second Cause of Action and that is that it did not sue and identify as a Defendant Holding I

LP, the party that Enron alleges received the fraudulent transfer and it, thus, does not seek to avoid as against Holding I LP, the fraudulent transfer alleged in count II.

CDP and National have moved to dismiss the Complaint based on the interplay between section 550, 548, and 546(a) of the Bankruptcy Code. Specifically, CDP maintains that under section 550(a) of the Bankruptcy Code, Enron cannot proceed on a 550(a) recovery cause of action against CDP as a mediate transferee without first avoiding the transfers to Holding I LP.

We further maintain that though nothing prevented Enron from proceeding against Holding I LP, it cannot do so now due to the operation of section 546(a). The time to avoid to create avoidance actions against Holding I LP expired on the second anniversary of the filing of the case, December 2, 2003.

Finally, we will respond to an argument made in Enron's reply in which it went outside the letter of the Complaint and essentially asked this Court to take judicial notice of the fact that Enron has caused the dissolution of Holding I LP and that it no longer exists. While CDP does not believe that the fact of the dissolution proceeding should have any bearing on

its motion to dismiss, a review of the docket in this case in public filings in Delaware makes clear that the decision to proceed, as Enron did, was consciously made and that Enron should bear the consequences of that decision relating to the dissolution of Holding I LP.

At the heart of this motion, Your Honor, lies the issue of the construction and application of section 550(a) of the Bankruptcy Code. That provision, we maintain, is straightforward. It states, except as otherwise provided in this section, to the extent that a transfer is avoided under sections 544, 545, 547, 548, 549, 553(b), or 724(a) of this title, the Trustee may recover the property or the value transferred from the initial transferee for any immediate or mediate transferee.

As Colliers puts it in its explanation of section 550, the Bankruptcy Code permits a trustee or a debtor-in-possession after avoidance of a transfer under the trustee's avoiding powers, to recover the property transferred or the value of the property transferred.

The legislative history of section 550(a) is also informative. It begins, section 550 prescribes the liability of a transferee of an avoided transfer

and annunciates the separation between the concepts of avoiding a transfer and recovering from the transferee. Subsection (a) permits the trustee to recover from the initial transferee of an avoided transfer -- note that word -- or from any immediate or mediate transferee of the initial transferee.

The plain meaning of the statute makes clear that avoidance must perceive the ability to recover under section 550. Cases adopting this construction, which I will discuss in a moment, point to another feature of section 550 to bolster this conclusion and that is subsection 550(f). That provision creates a separate statute of limitations for the recovery of an avoided transfer consistent with the notion of a separation between avoidance and recovery. That provision provides for a one-year statute of limitation after the avoidance of the transfer for which recovery is sought.

The briefs make clear that the caselaw on the construction of 550(a) devise with no law squarely on point in this jurisdiction. There are two circuit level decisions. One is a decision of the Tenth Circuit, the Slack-Horner Foundries decision, which goes our way; and an Eleventh Circuit decision IBT International, which goes Enron's way.

The decisions in our favor, and they are identified in our brief, particularly Slack-Horner and Trans-End Tech, treat this matter straightforwardly finding in the plain meaning of the statute and the supporting structure, including section 550(f), the outcome that requires the avoidance of the transfer against the initial transferee as a precursor to suing subsequent transferee.

Let me address the rationale of the decisions on the other side, and what I believe are their analytical infirmities when measured against the plain meaning of the statute and the analysis that construes the cases as we urge.

First, there are a group of cases and the most representative is Erin Food Services, which simply says that in an ipsi dixit fashion that the word avoided means voidable without so much as any analysis. This Court recently addressed the very distinction between the words avoided and avoidable in its March 31, 2006 decision in Enron Corp. v. Avenue Special Situations Fund II, L.P., et al, noting that section 502(d) explicitly referred to a transfer that is avoidable, rather than an avoided transfer, and rejected any argument that 502(d) could not be asserted until an underlying transfer had been avoided

given the letter of the statute.

We submit that the cases that do not even address the letter of the statute, as Erin Food, but simply misread it to achieve a desired outcome, hardly merit serious consideration, given the express statutory language.

Other cases combine a dismissive rejection of the statutory text. Cases like Crafts Plus, Richmond Produce, and Advanced Telecomm, simply recognizes that transfers may be avoided only in part and that only the avoided portion of a transfer is recoverable or that the statute contains no language that suggest that recovery from a mediate transferee is in any way dependent upon prior action or recovery against the initial transferee, essentially disregarding the plain meaning or, alternatively, they revert to a further passage of legislative history. That legislative history is, at least on those courts that attempt an analysis of section 55(a), what they all hang their hat on, there is a sentence following the passage that I read earlier, which says the words to the extent that and that lead to this subsection are designed to incorporate the protections of transferees found in 11 U.S.C. sections 549(b) and 548(c). In that language, they find some limitation on application or a plain

meaning and reading of section 550(a) that permits the notion that an avoidable transfer suffices for purposes of imposing liability on subsequent transferees.

That logical leap is, in fact, a complete nonsecretor. Each of 549(b) and 548(c) imposed a limit on the avoidance powers. For example, in 548(c), to the extent that a transferee gave value and in good faith, the transfer can't be avoided.

JUDGE GONZALEZ: Go back for a moment. If you did not have to avoid it first and it was read as voidable, when under those circumstances would the statute of limitations ever run on recovery?

MR. SHIMSHAK: This is precisely the argument that is made under section 550(f), that that construction of the statute, one which said it was avoidable, would render 550(f) superfluous and the existence of 550(f) and the existence of the need to have a transaction avoided and then the statute of limitations commence is further evidence of Congress' interpretation or objective in 550(a). It would have precisely the effect Your Honor indicated rendering 550(b) nugatory.

But let me go back to this 548(c) argument and our language from the legislative history, the fact

that a certain portion of a transaction may be insulated carries with it the converse, that the unprotected portion of the transfer must be avoided before it can be sought from a subsequent transferee. The attempt to use this language to get out from under section 550 is simply unavailing and the decisions that rely on it carry no logical weight.

Finally, there is I think at least a bit of intellectual honesty when one finally reaches the level of the Eleventh Circuit decision in International Administrative Services. There the Court, I think, is straining to produce a result-oriented decision and to undo a scheme in which an individual had arranged a series of transfers to try to move assets farther and farther away from the estate and said, quote, we are mindful that our construction of 550(a) does not embrace us a strict construction, but it went on to say that strict interpretation of the statute would, quote, produce a harsh and inflexible result that runs counterintuitive to the nature of avoidance actions. The Court then went to postulate as a harm a series of transfers would insulate a transferee from liability. This analysis falls apart at several levels.

First, the Court offers no explanation for why

a result which conforms with the letter of the Bankruptcy Code produces a harsh or inflexible result. One could just as readily argue that the assertion of 546(a) statute of limitations eliminating avoidance causes of action for the failure to bring them within the two-year period specified by the statute would produce a harsh and inflexible result and that it would be a better world if avoidance actions could be brought any time, but that is simply not the case. Congress has imposed a structure that imposes time limits and procedures under which avoidance actions should be brought.

Second, the parade of horribles concerning a string of subsequent transferees hardly makes sense. Section 550 imposes, after all, strict liability on the initial transferee, and subsequent transferees are only insulated from attack to the extent that they gave value and gave value in good faith. The kind of scheme that the Eleventh Circuit postulated, frankly, would not work in the real world.

Finally, Enron argues that it can maintain this cause of action even without a Defendant, even without the initial transferee as a Defendant, because, as Enron says, it can establish the requisite elements of section 548 of the Bankruptcy Code without Holding I

LP being a part to this action. This amounts to the contention that no section 548 cause of action needs to be brought at all, and that to recover under section 550 Enron only needs to establish the elements of a fraudulent transfer as an evidentiary fact, not as a cause of action brought against a defendant.

How would this work in practice? Without the initial transferee, for example, without a defendant, who would challenge the fraudulent conveyance allegations asserted in section 548? Who would have the ability to assert the protective provisions of section 548(c)? The media transferees? Certainly there are practical and potentially substantive questions about the abilities of these parties, who are liable, after all, only on a separate cause of action under section 550, to determine whether or not the debtor has satisfied the elements of a fraudulent conveyance claim.

In the absence of an initial transferee, what would be the result? Would there always be a default in which the fraudulent conveyance claim was established by default for want of a defendant? It seems doubtful that Congress intended such an unequal process. While certainly the result might occur in some circumstances and conceivably even in this

circumstance, given that the partnership is a defunct enterprise, it is one thing to have that outcome under the peculiar facts of a particular circumstance and quite another to establish a legal principle that in essence a trustee or debtor-in-possession has the option of proceeding under the statute and the letter of the statute against a defendant or, alternatively, establishing the claim as an evidentiary fact and a cause of action against a subsequent transferee. I submit that such an outcome is wholly inconsistent with section 546(a), section 548, and section 7001 of the Bankruptcy Code, which contemplates an adversary proceeding to avoid a transfer, which means a plaintiff and a defendant.

Let's talk, finally, about what really happened here and why Enron did not sue Holding I LP. I kept going over this in my mind as I read the concluding portion of Enron's reply in which they raise the issue of the dissolved entity and the fact that the Defendant doesn't exist. I kept going over it in my mind because of my experience. As the Court knows, in another capacity, my firm represents Citigroup in the Mega Complaint. In the Mega Complaint Enron has scrupulously named every defendant and every initial transferee in every transaction, including entities

that were subject to Enron's control. In the first cause of action in this very complaint, Enron brought a 548 cause of action against the initial transferee.

So what was special about this circumstance? Why was Holding I LP left out? So I went back to the docket in this case and the reason became apparent. Enron did not name Holding I LP, because a week before the filing of the adversary proceeding on November 14, 2003, Enron filed a motion in this Court seeking authority under section C-363 of the Bankruptcy Code to dissolve Holding I LP in connection with the disposition of certain assets. So at the time that Enron filed the Complaint, it knew that this entity that was the proper defendant to the adversary proceeding was going to be the subject of dissolution procedures.

This Court approved the sale of a participation interest of certain other assets to Special Situations Investing Group on December 18, 2003, two weeks after the statutory deadline for filing a claim against Holding I LP as initial transferee. Paragraph 8 of the sale order authorized the dissolution of Holding I LP, and some two weeks later Enron filed in Delaware a certificate of cancellation which terminated the existence of the partnership. I should add that

cancellation, which does have the effect of terminating the existence of the entity, did not even appear to be a requirement of the order which only directed dissolution; and under Delaware law, as in most jurisdictions, a limited partnership in dissolution goes into a winding-up phase, a period in which it can continue to sue and to be sued. For Your Honor's benefit, I cite you to chapter 17/803 of the Delaware statutes, which specifies the procedures and the powers of an entity in dissolution. Cancellation, not dissolution, terminates the partnership's existence.

Thus, Enron could have complied with paragraph 8 of the order without cancelling the limited partnership's existence and without eliminating the limited partnership as the Defendant for 548 purposes. Though certainly, I would add, the absence of a pending claim against a partnership in dissolution must have had the effect of easing the fiduciary burden of whoever was in charge of the dissolution of that partnership, because a provision must be made for all claims in a partnership in dissolution and the absence of the claim seemingly eliminated that burden.

These facts regarding the dissolution of the partnership are all derived from documents on file

with this Court or otherwise publicly available. What is their significance? They make clear that the decision not to pursue Holding I LP under section 548 was a conscious one, one made through the exercise of Enron's business judgment and not the result of inadvertence, excusable neglect, or hardship. While we believe that section 550 and its relationship to 548 and 546 are clear on their face, no justification here exists for any equitable exception or loss on the statute under these facts.

For all of these reasons, Your Honor, we believe that count II of the Complaint should be dismissed as to CDP, and we ask this Court to enter an order accordingly.

JUDGE GONZALEZ: Is there anyone else in support of the motions to dismiss?

MR. KEYES: Yes, Your Honor. Andrew Keyes on behalf of the Defendant National Australia Bank.

I would simply echo the argument of Mr. Shimshak on behalf of the other Defendant that has made the same motion to dismiss, and I would reserve my right to respond to Mr. Magaliff in rebuttal.

JUDGE GONZALEZ: All right. Thank you.

The Debtor.

MR. MAGALIFF: Good morning, Judge. Howard

Magaliff from Togut, Segal & Segal on behalf of Enron.

You may recall that we were here about two weeks ago on another series of motions to dismiss brought in this same case on Monday, April 10th, by a number of other Defendants on slightly different theories.

The chart that Mr. Shimshak handed up is actually very helpful, because what it shows is that at the end of the day this is simply another one of Enron's very, very convoluted deals. All of the entities were Enron entities. We know what was done. We don't know why it was done, but we do know that all of these various entities were simply pass-through entities to get the money from one place to another, namely the Defendants in these actions.

To address a question that you raised in Mr. Shimshak's presentation about the interplay of the various statutes of limitations, I don't believe that the 550(f) statute of limitations and the 546(a) statute of limitations are in any way inconsistent, nor is it necessary, as practice has demonstrated time and again, that you first bring an adversary proceeding to avoid a transfer and then once a judgment has been rendered, bring a second adversary proceeding against immediate or mediate transferee to

recover.

As an example analytically, if you are in the middle of discovery in a 548 fraudulent conveyance action and you learn about another transferee that you didn't know at the time that you brought the action, it is entirely appropriate to complete the first action, obtain a judgment, and then commence another action under 550 against the new transferee that you had discovered. But there are scores and scores of cases, Your Honor, where Plaintiffs, including Enron, seek to both avoid the transfer and recover from initial and subsequent transferees.

The commercial paper case is a perfect example. We sued almost 200 different Defendants, most of whom have asserted that they were subsequent transferees, or conduits, or had good faith defenses, or whatever, and there has been no serious suggestion that we bifurcate those actions to sue only the three dealers, obtain judgments against them as initial transferees, and then bring separate actions.

I think what 550 does is provide an outside limitation in the event that you seek to bring two actions. It doesn't mandate it, and I think that they are entirely consistent.

JUDGE GONZALEZ: In the commercial paper are

there any of these Defendants that you refer to recipients of payments from an entity that you also didn't bring the action against?

MR. MAGALIFF: Not to my knowledge. Ultimately, Judge, as Mr. Shimshak has pointed out, what these particular motions to dismiss turn on is the distinction between avoided and avoidable as used in section 548. The briefing is very comprehensive. Mr. Shimshak gave a very comprehensive presentation, and I think for the most part has fairly extracted from the pleadings the positions of Enron and the positions of the Defendants.

Whether or not you ultimately decide to follow the decisions in Slack-Horner and Trans-End or the equally well reasoned decisions in International Administrative Services, Advanced Telecomm, Richmond Produce, and a number of the other decisions, such as National Audit Defense Network, Imperial Corporation of America v. Durkin -- I have citations, if you would like them -- we do agree that it is necessary to establish that you have an avoidable transfer. We pled that in the complaint in paragraphs 47, 49, and 51 through 54. We pled all of the elements that are necessary to establish that the transfer to Holding I LP was constructively fraudulent.

Mr. Shimshak has analogized this case to the hundreds of transfers in International Administrative Services seeking to draw a difference, but I would submit, Your Honor, that even though there were not hundreds of transfers among 23 different entities, when you look at this very graphic chart in particular that Mr. Shimshak has handed up, what you see are Enron entities all over the page and a flow of funds from entity through entity.

I think that the decisions of the Court in Richmond Produce and Advanced Telecomm and the cases that Enron has cited to support the construction of the statute that avoidable is more in line with the policy of the Bankruptcy Code, rather than the more restrictive reading of avoided, I think there is ample authority for you to conclude that under these particular circumstances in this particular fact pattern it would not have been necessary for Enron to sue its wholly-owned entity for the sole purpose of being able to consent to the entry of a judgment that the initial transfer was constructively fraudulent as a precursor to suing the entities that got the money.

JUDGE GONZALEZ: With respect to the entities that you say got the money, what benefit did Holding 1 LP receive when the monies flowed to the Defendants

before me today?

MR. MAGALIFF: To my knowledge, Your Honor, absolutely nothing. All the information that we have been able to obtain to date -- and there has been no discovery, by the way, with the Defendants, this is all information that we have developed from Enron's records in such condition as they exist -- that Holding I LP was set up simply as a vehicle in which to park the CLO assets. I can't tell you why the assets were not put directly into the Trust. This goes back to my initial comment that we don't know why it was structured like this, but economically the Trust was the limited partner of Holding I LP and had all the economic interest, which is why all of the money that came into Holding I LP immediately went out to the Trust and thence to the Defendants in this action. We can trace the dollars in and the dollars out.

I am fairly certain and, in fact, almost positive, that should we go to trial on this, we will be able to demonstrate that Holding I LP retained no money for itself because there was no reason for it to retain money. It had no interest other than as a vehicle to hold the portfolio assets.

JUDGE GONZALEZ: All right. Thank you.

MR. MAGALIFF: If you have no further questions, Your Honor, I believe that I am finished with my presentation.

MS. SHIMSHAK: I have a few brief remarks in response.

JUDGE GONZALEZ: All right. Go ahead.

MR. SHIMSHAK: First of all, Mr. Magaliff recited that in a myriad of instances the avoidance actions and the 550 actions are brought in a single proceeding, rather in two separate proceedings. I certainly don't want to get metaphysical, but the distinguishing feature between the circumstance that he described and this case is that in those cases there is an avoidance action against the initial transferee as well as a cause of action under 550 stated against subsequent transferees. That possibility will never arise here, because the Defendant by the very terms of Complaint, the recipient of the 548 fraudulent conveyance is not a party to this accident.

Second, Mr. Magaliff argued that these were all pass-through structures and that money flowed to the ultimate noteholders, but, again, there is no argument that these entities are in essence the initial transferees. Quite the contrary. The allegations of

the Complaint accept the structure and accept the separateness of all of these entities and identify the ultimate recipients as subsequent transferees.

Third, Mr. Magaliff postulates that what would have been the point; Holding I LP would have simply caused the entry of a judgment for fraudulent conveyance anyway. This has been a dimension of the Complaint, which I haven't touched upon and about Enron conduct here, but I say in response to that, not so fast. Holding GP, the Enron creature that was acting as the general partnership of that partnership, owed a fiduciary duty to the limited partnership to CLO Trust and ultimately to the beneficiaries of the of the notes issued by CLO Trust. CLO Trust was the limited partner.

I wonder whether Enron, frankly, in the discharge of its fiduciary duty could simply concede that a fraudulent conveyance had taken place. That is one of the difficulties here without having a defendant or any provision for a defendant to safeguard the interests of the limited partner and interests of the partnership in the fraudulent conveyance claim that is alleged.

So I say it is by no means a foregone conclusion that there would have been a mechanical

default or a confession to a default judgment, not if those entities that were involved are discharging their fiduciary responsibilities.

JUDGE GONZALEZ: Is there anyone else?

(Whereupon, no response was heard.)

JUDGE GONZALEZ: All right. Thank you. I do want to ask one question that I think is obvious, but I will ask it anyway and I will ask for a response.

Mr. Magaliff referenced a motion that was heard a few weeks ago. If that motion that was heard a few weeks ago were granted, I presume that there is no reason to reach any of the issues in this case?

MR. SHIMSHAK: I am not familiar with that motion, Your Honor, quite frankly. We weren't covered by it.

JUDGE GONZALEZ: It is the safe harbor 546 issue with respect to the Defendants being the various transferees, but if the motions were granted, I presume for Holding I LP the argument would be, even if it then were named, it would have the safe harbor defense?

MR. SHIMSHAK: Your Honor, I would say this, not being familiar with it --

JUDGE GONZALEZ: I will ask Mr. Magaliff, because I think he is familiar with it: what would

then be the Plaintiff's position, if that motion were granted?

MR. MAGALIFF: I think, Your Honor, if that motion were granted, it would not affect these Defendants and I will tell you why. The issue that was raised by that group of Defendants was that Enron, in essence, repurchased notes, which, as you are very well aware, is at the heart of the whole 546 settlement payment safe harbor defense that we have argued in a number of cases. They were saying that it was the completion of a securities transaction or settlement, if you will.

We didn't sue National Australia Bank and CDP on the basis of buying back notes. These were straight, fraudulent transfers. It was a fraudulent transfer to Holding I LP, because Enron received no consideration for the granting of put.

JUDGE GONZALEZ: You have jumped ahead of what I was focused on. Would Holding LP in the context of an avoidance action brought against Holding I LP been able to raise the 546(e) safe harbor, obviously, as a defense?

MR. MAGALIFF: No. There was no securities type of transaction that occurred, to our knowledge, between Enron Corp. and Holding I LP. It was simply

the grant of a Put Option in return for no consideration. Then Holding I calling the put and Enron transferring $63-some-odd million to the partnership.

If you have no further questions, Your Honor, we appreciate the time.

JUDGE GONZALEZ: All right. Thank you.

The next matter is a decision to be rendered at 11:00. I think it is more likely that I will return to the bench at approximately 11:15. So with respect to that matter, if the calendar is correct that I am looking at, it would be the GE Capital matter.

Give your appearances and I expect that I should return to the bench no sooner than 11:15.

(Whereupon, from 11:02 a.m. to 11:16 a.m. a recess was taken.)

C E R T I F I C A T E

STATE OF NEW YORK)
: SS:
COUNTY OF NEW YORK)

I, DEBORAH HUNTSMAN, a Shorthand Reporter and Notary Public within and for the State of New York, do hereby certify:

That the within is a true and accurate corrected transcript from the official electronic sound recording of the proceedings held on the 27th day of April, 2006.

I further certify that I am not related by blood or marriage to any of the parties and that I am not interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of May, 2006.

Deborah Huntsman
DEBORAH HUNTSMAN
DEBORAH HUNTSMAN

PROOFREAD BY HALLIE CANTOR

ORIGINAL TRANSCRIPT SENT VIA E-MAIL 4/28/2006